

HB 1861 -- Broad-Based Tax Relief Act of 2012

Sponsor: Nolte

This bill establishes the Broad-Based Tax Relief Act of 2012 which reduces the tax on corporate business income and business income for sole proprietors, partners, and shareholders in S corporations.

For the 2012 tax year, a business will be taxed on 90% of its business income on the individual income tax; for 2013, it will be taxed on 80%; for 2014, it will be taxed on 70%; and for 2015 and after, the amount of business income to tax will be determined by the Office of Administration comparing the Missouri net individual and corporation income tax revenue received in the fiscal year ending on June 30, 2010, to the Missouri net individual and corporation income tax revenues received in the fiscal year ending on June 30 of the tax year before the tax year of determination. If the result of the comparison shows a decrease from the 2010 year, the percentage of business income to be taxed will be 70% until the time that the comparison shows the revenues to be equal to or increased from 2010. Once the comparison shows the revenues to be equal to or increased, business income will be taxed at 60% for the year following the determination and 50% for each subsequent tax year.

For the 2012 tax year, the corporate tax rate will be decreased from 6.25% to 5.625%; for 2013, it will be 5%; for 2014, it will be 4.375%; and for 2015 and after, the tax rate will be determined by the Office of Administration comparing the Missouri net individual and corporation income tax revenue received in the fiscal year ending on June 30, 2010, to the Missouri net individual and corporation income tax revenues received in the fiscal year ending on June 30 of the tax year before the tax year of determination. If the result of the comparison shows a decrease from the 2010 year, the corporate tax rate will remain at 4.375% until the comparison shows the revenues to be equal to or increased from 2010. Once the comparison shows the revenues to be equal to or increased, the tax rate will be 3.75% for the year following the determination and 3.125% for each subsequent tax year.